## REMARKS

Claims 1-4 and 19-36 are pending in the present application. By this reply, claims 5-18 have been cancelled and new claims 19-36 have been added.

## 35 U.S.C. §§ 102 & 103 REJECTIONS

Claim 1 has been rejected under 35 U.S.C. § 102(e) as being anticipated by Schneck et al. (U.S. Patent No. 5,933,498). Claims 2-14 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over Schneck et al. These rejections, insofar as they pertain to the presently pending claims, are respectfully traversed.

Claim 1 has been divided into amended claim 1 and new claim 24 to recite independently the elements of the alternative language "or" in claim 1. Thus, claims 1 and 24 and their dependent claims do not raise any new issues.

In the last Reply, Applicants argued that Applicants' claim invention is patentably distinct over Schneck et al. because Applicants' invention generates an encryption key *in the digital data playing device* on the basis of *an identification number of the data storage medium or an identification number of the digital data playing device*, and that this feature is neither taught nor suggested by Schneck et al. In response, the Examiner maintains the rejections by alleging that Schneck et al. indeed discloses "that his access mechanism can generate encryption keys to encrypt protected data" (at second

paragraph, page 3 of the final Office Action). To support his position, the Examiner cites column 14, lines 32-50 of Schneck et al.

However, Applicants respectfully submit that the Examiner is mischaracterizing the features of Schneck et al.'s system. Column 14, lines 32- 50 of Schneck et al. contain a discussion of certain steps (steps 734, 736, 738, 740, 742, 744, 746) of Figure 7 which depicts a flowchart of a version of the authoring mechanism 148 in which the rules 116 are distributed by the distributor 102 separately from the packaged data 150 (see column 13, lines 51-53). That is, the use of a serial number of the system in calculating the rule-encrypting key $K_R$ discussed on column 14, lines 37-40 pertains to how the *authoring mechanism 148* calculates the rule-encrypting key $K_R$, and not how the access mechanism 114 at the user side 104 determines the rule-encrypting key $K_R$. Once the rule-encrypting key $K_R$ is calculated, the data key $K_D$ and the rules are encrypted using the rule-encrypting key $K_R$ (column 14, lines 43-47). Then, the encrypted rules and the encrypted data key $K_D$ are stored as packaged rules 152. That is, Schneck et al. nowhere specifically discloses that the access mechanism 114 generates the rule-encrypting key $K_R$.

Furthermore, Schneck et al. discloses that the authoring mechanism 148 determines the rule-encrypting key $K_R$ as a function of the validated serial number of the system 100, and not as a function of a serial number of the access mechanism 114 or a data storage medium.

Therefore, Schneck et al. fails to teach or suggest, *inter alia:*

> a digital data playing device . . . decrypting the stored digital data file using an encryption key, wherein the encryption key is generated in the digital data playing device on the basis of an identification number of the data storage medium

as recited in independent claim 1. (Also, the encryption key generation on the basis of an identification number of the digital data playing device as recited in independent claim 24 is missing.)

Accordingly, independent claim 1 and its dependent claims (due to their dependency) are patentable over Schneck et al., and reconsideration and withdrawal of the rejection based on these reasons is respectfully requested.

## CONCLUSION

For the foregoing reasons and in view of the above clarifying amendments, Applicants respectfully request the Examiner to reconsider and withdraw all of the objections and rejections of record, and earnestly solicit an early issuance of a Notice of Allowance.

The Examiner is respectfully requested to enter this Amendment After Final Rejection, in that it raises no new issues but merely places the claims in a form more clearly patentable over the references of record. In the alternative, the Examiner is respectfully requested to enter this Amendment After Final Rejection in that it reduces the issues for appeal.

Should there be any outstanding matters which need to be resolved in the present application, the Examiner is respectfully requested to contact
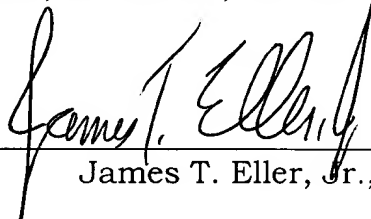
Esther H. Chong (Registration No. 40,953) at the telephone number of the undersigned below, to conduct an interview in an effort to expedite prosecution in connection with the present application.

Applicant(s) respectfully petitions under the provisions of 37 C.F.R. § 1.136(a) and 1.17 for a two month extension of time in which to respond to the Examiner's Office Action. The Extension of Time Fee in the amount of $410.00 is being submitted with the concurrent filing of a Notice of Appeal.

If necessary, the Commissioner is hereby authorized in this, concurrent, and further replies, to charge payment or credit any overpayment to Deposit Account No. 02-2448 for any additional fees required under 37 C.F.R. § 1.16 or under 37 C.F.R. § 1.17; particularly, extension of time fees.

Respectfully submitted,

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